

Message Text

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COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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SUBJ: MTN: MAY 26 MEETING OF THE GRAINS SUBGROUP

REF: GENEVA 3450

1. SUMMARY: FOLLOWING ARE SOME TENTATIVE IDEAS AND SUGGESTIONS FOR THE TERMS OF REFERENCE OF THE MTN SUBGROUP ON GRAINS WHICH WILL MEET MAY 26TH. THIS MEETING IS TO BE PURELY ORGANIZATIONAL. HOWEVER, THE EC MAY WISH TO GO BEYOND THE ORGANIZATIONAL TASKS OF THIS FIRST MEETING AND START SUBSTANTIVE WORK IN ORDER TO STRESS THE PRIMACY OF THE MTN GRAINS NEGOTIATIONS RELATIVE TO THE WORK OF THE IWC IN LONDON. END SUMMARY.

2. UNDER THE TERMS OF THE CHAIRMAN'S SUMMING UP OF THE COMPETENCE OF THE AGRICULTURAL GROUP AND ITS SUBGROUPS (REFTTEL), THE FIRST TASK OF THE GRAINS SUBGROUP WILL CONSIST IN ORGANIZING ITS WORK. WE ENVISAGE THAT THIS TASK WILL FALL INTO TWO PARTS: ON THE ONE HAND, THE GROUP WILL HAVE TO DETERMINE THE PRODUCTS FALLING WITH-

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IN ITS PURVIEW; ON THE OTHER HAND, IT WILL HAVE TO DECIDE ON THE

PROCEDURES FOR DEALING WITH THESE PRODUCTS. THIS SECOND DECISION WILL NECESSARILY HAVE TO BE MORE SPECIFIC THAN THE GENERAL PRINCIPLES EMBODIED IN THE CHAIRMAN'S SUMMING UP.

3. THE OBJECTIVE OF THE GRAINS SUBGROUP MUST OF COURSE BE IN ACCORDANCE WITH THE TOKYO DECLARATION, I.E., THE EXPANSION AND EVER-GREATER LIBERALIZATION OF THE WORLD GRAIN TRADE THROUGH THE PROGRESSIVE DISMANTLING OF TRADE OBSTACLES AND THE IMPROVEMENT OF THE INTERNATIONAL FRAMEWORK FOR THE CONDUCT OF WORLD TRADE.

4. WE BELIEVE THAT THE PRODUCTS TO BE COVERED BY THE GRAINS GROUP SHOULD INCLUDE THE MAJOR GRAINS, I.E., WHEAT, AND FEED GRAINS (INCLUDING CORN, BARLEY AND SORGHUM), BUT NOT RICE. WHEAT FLOUR MIGHT ALSO BE INCLUDED, BUT WE SHOULD RESIST POSSIBLE EEC ATTEMPTS TO INCLUDE ALSO A GREAT NUMBER OF HIGHLY PROCESSED GRAIN PRODUCTS E.G., STARCHES, BREAKFAST CEREALS AND SIMILAR PRODUCTS.

5. GIVEN THE OBJECTIVES WHICH THE GROUP SHOULD TRY TO ATTAIN, THE ELEMENTS TO BE DEALT WITH WILL BE BASICALLY OF TWO KINDS: A. IMPORT BARRIERS, I.E., TARIFF AND NON-TARIFF MEASURES INCLUDING QR'S, VARIABLE LEVIES, STATE TRADING AND OTHER COMMERCIAL OR TECHNICAL IMPEDIMENTS TO TRADE APPLIED AT THE FRONTIER; AND B. TRADE DISTORTING MEASURES SUCH AS EXPORT SUBSIDIES, MIXING REGULATIONS OR OTHER MEASURES WHICH, WHILE NOT NECESSARILY APPLIED AT THE FRONTIER, HAVE A DIRECT BEARING ON TRADE.

6. WE ENVISAGE THAT AFTER THE DETERMINATION OF THE PRODUCTS TO BE DEALT WITH THE FIRST TASK OF THE GROUP WILL CONSIST IN LISTING, CATEGORIZING AND REVIEWING ALL EXISTING TRADE OBSTACLES AND TRADE DISTORTING MEASURES AFFECTING THE GRAIN TRADE. THIS CAN PROBABLY BE DONE WITH THE HELP OF THE AVAILABLE GATT DOCUMENTATION WHICH, HOWEVER, MIGHT HAVE TO BE BROUGHT UP TO DATE. WE MIGHT WISH TO PROPOSE THAT AT THE SECOND STAGE OF ITS WORK THE GROUP SHOULD SEEK SOLUTIONS TO THE PROBLEMS RAISED BY THESE OBSTACLES AND MEASURES. WE MUST INSIST THAT IN DOING SO, THE GROUP SHOULD TAKE ACCOUNT OF THE GENERAL PRINCIPLES AND PROCEDURES WORKED OUT IN THE TARIFFS AND NONTARIFF MEASURES GROUPS AND SHOULD TREAT THE SUBJECTS WITHIN ITS PURVIEW IN CONJUNCTION WITH THE WORK OF THESE GROUPS.

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7. WE EXPECT THAT THE MAIN THRUST OF THE IC'S APPROACH BUT ALSO THAT OF SEVERAL OTHER DELEGATIONS E.G. JAPAN WILL AIM AT PRESENTING COMMODITY AGREEMENTS AND STABILIZATION SCHEMES AS THE ONLY POSSIBLE APPROACH TO SOLVING THE TRADE PROBLEMS IN GRAINS. THE EC AND SEVERAL OTHER DELEGATIONS MIGHT POINT OUT THAT THE WORK OF THE TARIFFS AND NONTARIFF MEASURES GROUP HAVD NO DIRECT BEARING ON THE APPROACH PROPOSED BY THESE DELEGATIONS. ALSO, THESE DELEGATIONS MIGHT STATE THAT WHILE THEY ARE WILLING TO WORK IN CON-

JUNCTION WITH THE TARIFFS AND NONTARIFF MEASURES GROUPS, THE LACK OF PROGRESS IN THOSE GROUPS PREVENTS THE GRAINS GROUP FROM WORKING IN CONJUNCTION WITH THEM. IN THIS WAY THE EC AND OTHERS MAY TRY TO ESTABLISH THE PRINCIPLE OF EXCLUSIVITY FOR THE WORK OF THE GRAINS GROUP WITHOUT STATING THIS EXPLICITLY.

8. WE BELIEVE THAT IN ORDER TO COUNTERACT THIS ANTICIPATED EC APPROACH, IT WILL NOT SUFFICE MERELY TO CRITICIZE OR EXPLORE PROPOSALS FOR COMMODITY AGREEMENTS OR STABILIZATION SCHEMES. IN ORDER TO EXERCISE LEADERSHIP IN THIS GROUP THE U.S. SHOULD MAKE POSITIVE PROPOSALS FOR SOLVING THE TRADE PROBLEMS IN THE GRAIN SECTOR. THESE MIGHT CONSIST, INTER ALIA, IN U.S. PROPOSALS FOR ESTABLISHING AT A LATER STAGE OF THE WORK OF THE GRAINS GROUP, PROCEDURES FOR THE EXCHANGE OF OFFER AND REQUEST LISTS.

9. IN ITS INITIAL STATEMENTS AND THROUGHOUT THE MEETINGS OF THE GRAINS GROUP, THE U.S. MUST, OF COURSE, STRESS THE CLOSE RELATIONSHIP BETWEEN THE WORK GOING ON IN THE INT'L WHEAT COUNCIL AND THE WORK IN THE MTN GRAINS GROUP. WE SHOULD, THEREFORE, PROPOSE THAT PROVISIONS BE MADE IN THE WORK PROGRAM OF THE GRAINS GROUP FOR CONSIDERATION OF HOW BEST TO INTERGRATE INTO THE WORK OF THIS GROUP THE RESULTS OF THE WORK IN THE INT'L WHEAT COUNCIL.

10. CONVERSATIONS WITH AUSTRALIAN AND CANADIAN DELEGATES SEEM TO INDICATE THAT THESE COUNTRIES MAY WISH TO DIVIDE THE WORK ON GRAINS INTO TWO PARTS: IN A FIRST STAGE, THEY APPARENTLY WILL TRY TO ACHIEVE AN EARLY AGREEMENT ON SOME FORM OF A STABILIZATION SCHEME TO BE WORKED OUT IN LONDON. AT A LATER STAGE, THEY WILL TRY TO PUSH WORK ON LIBERALIZING THE TRADE IN GRAINS WITHIN THE FRAMEWORK OF THE MTN. FROM CONVERSATIONS WITH THESE DELEGATES WE ARE TEMPTED TO CONCLUDE THAT AUSTRALIA AND CANADA DO NOT EXPECT POSITIVE RESULTS FROM THE WORK OF THE MTN GRAINS GROUP UNTIL SUCH TIME AS AN AGREEMENT IN THE IWC HAS MATURED. BY CONTRAST, WE LIMITED OFFICIAL USE

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EXPECT THE EC TO PUSH THE WORK IN THE MTN GRAINS GROUP AS FAR AS POSSIBLE IN ORDER TO SHOW THE PRIMACY OF THE GENEVA WORK RELATIVE TO THAT GOING ON IN LONDON.MCNAMARA

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